

Illinois-American Water Company
Chicago Metro Water
Statement of Operating Income with Adjustments
For the Test Year Ending September 30, 2013

Line No.	Description	Company Rebuttal Case Pro Forma Adjusted (Staff Initial Brief CW, p. 2)	Staff Adjustments (Staff Initial Brief CW, p. 3)	Staff Pro Forma Present (Cols. b+c)	Company Proposed Increase (Company Update & Rebuttal)	Staff Gross Revenue Conversion Factor	Proposed Rates With Staff Adjustments (Cols. d+e+f)	Adjustment To Proposed Increase	Staff Pro Forma Proposed (Cols. g+h)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Tariff Revenue	\$ 31,621,352	\$ -	\$ 31,621,352	\$ 3,827,900	\$ (36)	\$ 35,449,216	\$ (2,677,632)	\$ 32,771,584
2	Other Revenue	800,320	-	800,320	-	-	800,320	-	800,320
3	Total Operating Revenue	32,421,672	-	32,421,672	3,827,900	(36)	36,249,536	(2,677,632)	33,571,904
4	Uncollectible Accounts Expense	437,802	-	437,802	32,572	(35)	470,339	(22,760)	447,579
5	Labor	4,227,400	-	4,227,400	-	-	4,227,400	-	4,227,400
6	Fuel & Power	173,349	-	173,349	-	-	173,349	-	173,349
7	Chemicals	32,863	-	32,863	-	-	32,863	-	32,863
8	Waste Disposal	-	-	-	-	-	-	-	-
9	Service Company Fees	3,153,084	(13,737)	3,139,347	-	-	3,139,347	-	3,139,347
10	Group Insurance	996,848	-	996,848	-	-	996,848	-	996,848
11	Pensions	501,276	-	501,276	-	-	501,276	-	501,276
12	Regulatory Expense	90,701	(6,405)	84,296	-	-	84,296	-	84,296
13	Insurance - other	275,545	-	275,545	-	-	275,545	-	275,545
14	Customer Accounting	415,935	-	415,935	-	-	415,935	-	415,935
15	Rents	575,672	-	575,672	-	-	575,672	-	575,672
16	General Office Expense	495,244	-	495,244	-	-	495,244	-	495,244
17	Maintenance - other	1,737,966	-	1,737,966	-	-	1,737,966	-	1,737,966
18	Miscellaneous	1,918,669	(4,838)	1,913,831	-	-	1,913,831	-	1,913,831
19	Depreciation & Amortization	6,322,197	-	6,322,197	-	-	6,322,197	-	6,322,197
20	Taxes other than Income	1,812,407	-	1,812,407	-	-	1,812,407	-	1,812,407
21	Total Operating Expense								
22	Before Income Taxes	23,166,958	(24,980)	23,141,978	32,572	(35)	23,174,515	(22,760)	23,151,755
23	State Income Tax	322,694	(17,657)	305,037	168,313	-	473,350	(117,736)	355,614
24	Federal Income Tax	2,263,983	(133,180)	2,130,803	1,269,456	(1)	3,400,258	(887,999)	2,512,259
25	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
26	Total Operating Expenses	25,753,635	(175,817)	25,577,818	1,470,341	(36)	27,048,123	(1,028,495)	26,019,628
27	NET OPERATING INCOME	\$ 6,668,037	\$ 175,817	\$ 6,843,854	\$ 2,357,559	\$ -	\$ 9,201,413	\$ (1,649,137)	\$ 7,552,276
28	Staff Rate Base (Staff Initial Brief CW, p. 4)								\$ 102,224,922
29	Staff Overall Rate of Return (ICC Staff Exhibit 14.0, Schedule 14.1)								7.39%
30	Revenue Change (Col. (i) Line 3 minus Col. (d), Line 3)								\$ 1,150,232
31	Percentage Revenue Change (Col. (i), Line 30 divided by Col. (d), Line 3)								3.55%

Illinois-American Water Company
Chicago Metro Water
Statement of Operating Income with Adjustments
For the Test Year Ending September 30, 2013

Line No.	Description	Company Pro Forma Present Adjusted (Company Schedule C-2)	Company Update Adjustments	Company Rebuttal Adjustments	Company Rebuttal GRCF Adj.	Company Rebuttal Case Pro Forma Adjusted
	(a)	(b)	(c)	(d)	(e)	(f)
1	Tariff Revenue	\$ 31,723,118	\$ (101,731)	\$ -	\$ (35)	\$ 31,621,352
2	Other Revenue	842,064	(41,744)	-	-	800,320
3	Total Operating Revenue	32,565,182	(143,475)	-	(35)	32,421,672
4	Uncollectible Accounts Expense	437,732	106	-	(36)	437,802
5	Labor	4,174,345	55,455	(2,400)	-	4,227,400
6	Fuel & Power	378,564	(205,215)	-	-	173,349
7	Chemicals	33,077	(214)	-	-	32,863
8	Waste Disposal	-	-	-	-	-
9	Service Company Fees	3,207,150	(51,431)	(2,635)	-	3,153,084
10	Group Insurance	979,774	17,074	-	-	996,848
11	Pensions	497,193	4,083	-	-	501,276
12	Regulatory Expense	93,848	(3,147)	-	-	90,701
13	Insurance - other	275,545	-	-	-	275,545
14	Customer Accounting	415,935	-	-	-	415,935
15	Rents	575,672	-	-	-	575,672
16	General Office Expense	505,031	-	(9,787)	-	495,244
17	Maintenance - other	1,706,906	31,060	-	-	1,737,966
18	Miscellaneous	1,966,593	(47,924)	-	-	1,918,669
19	Depreciation & Amortization	6,332,352	(10,155)	-	-	6,322,197
20	Taxes other than Income	1,808,271	4,136	-	-	1,812,407
21	Total Operating Expense					
22	Before Income Taxes	23,387,988	(206,172)	(14,822)	(36)	23,166,958
23	State Income Tax	328,209	(6,180)	667	(2)	322,694
24	Federal Income Tax	2,355,689	(96,742)	5,034	2	2,263,983
25	Deferred Taxes and ITCs Net	-	-	-	-	-
26	Total Operating Expenses	26,071,886	(309,094)	(9,121)	(36)	25,753,635
27	NET OPERATING INCOME	\$ 6,493,296	\$ 165,619	\$ 9,121	\$ 1	\$ 6,668,037

Illinois-American Water Company
Chicago Metro Water
Adjustments to Operating Income
For the Test Year Ending September 30, 2013

Line No.	Description	Interest Synchronization (Staff Initial Brief CW, p. 8)	Rate Case Expense (Staff Ex. 16.0 Sch. 16.1)	Social/Service Memberships (Staff Ex. 11.0 Sch. 11.2 Corrected)	Management Audit Costs (Staff Ex. 11.0 Sch. 11.3 Revised)	Call Center Expansion Costs (Staff IB)	Call Center CCAP/SLAP Telephone Costs (Staff IB)	(Source)	Total Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Tariff Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Miscellaneous Revenue	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts Expense	-	-	-	-	-	-	-	-
5	Labor	-	-	-	-	-	-	-	-
6	Fuel & Power	-	-	-	-	-	-	-	-
7	Chemicals	-	-	-	-	-	-	-	-
8	Waste Disposal	-	-	-	-	-	-	-	-
9	Service Company Fees	-	-	-	-	(1,654)	(12,083)	-	(13,737)
10	Group Insurance	-	-	-	-	-	-	-	-
11	Pensions	-	-	-	-	-	-	-	-
12	Regulatory Expense	-	(6,405)	-	-	-	-	-	(6,405)
13	Insurance - other	-	-	-	-	-	-	-	-
14	Customer Accounting	-	-	-	-	-	-	-	-
15	Rents	-	-	-	-	-	-	-	-
16	General Office Expense	-	-	-	-	-	-	-	-
17	Maintenance - other	-	-	-	-	-	-	-	-
18	Miscellaneous	-	-	(4,819)	(19)	-	-	-	(4,838)
19	Depreciation & Amortization	-	-	-	-	-	-	-	-
20	Taxes other than Income	-	-	-	-	-	-	-	-
21	Total Operating Expense	-	-	-	-	-	-	-	-
22	Before Income Taxes	-	(6,405)	(4,819)	(19)	(1,654)	(12,083)	-	(24,980)
23	State Income Tax	(18,765)	284	214	1	73	536	-	(17,657)
24	Federal Income Tax	(141,535)	2,142	1,612	6	553	4,042	-	(133,180)
25	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
26	Total Operating Expenses	(160,300)	(3,979)	(2,993)	(12)	(1,028)	(7,505)	-	(175,817)
27	NET OPERATING INCOME	\$ 160,300	\$ 3,979	\$ 2,993	\$ 12	\$ 1,028	\$ 7,505	\$ -	\$ 175,817

Illinois-American Water Company
Chicago Metro Water
Rate Base
For the Test Year Ending September 30, 2013

Line No.	Description	Company Rebuttal Case Pro Forma Adjusted (Staff Initial Brief CW, p. 5)	Staff Adjustments (Staff Initial Brief CW, p. 6)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Utility Plant in Service	\$ 241,225,239	\$ -	\$ 241,225,239
2	Less: Accumulated Depreciation	<u>(90,549,906)</u>	<u>-</u>	<u>(90,549,906)</u>
3	Net Utility Plant in Service	150,675,333	-	150,675,333
4	Construction Work in Progress	\$ -	\$ -	\$ -
5	Utility Plant Acquisition Adj. - DuPage	68,656	-	68,656
6	Additions to Rate Base			
7	Cash Working Capital	1,964,000	(96,000)	1,868,000
8	Materials & Supplies	191,060	-	191,060
9	Deferred Charges - Tank Painting	2,941,738	-	2,941,738
10	FAS 109 Reg. Asset-Net of Liability	146,022	-	146,022
11	Service Company Audit Costs	94,457	(85)	94,372
12	-	-	-	-
13	-	-	-	-
14	-	-	-	-
15	Deductions From Rate Base			
16	Customer Advances	(25,529,931)	-	(25,529,931)
17	Pension Asset (Liability)	1,530,131	(1,530,131)	-
18	OPEB Liability	(183,935)	-	(183,935)
19	Contributions in Aid of Construction	(35,480,979)	-	(35,480,979)
20	Accum. Depr. On CIAC	16,740,516	-	16,740,516
21	Budget Payment Plan	-	-	-
22	Deferred Federal Income Taxes	(8,924,456)	(10,730)	(8,935,186)
23	Deferred State Income Taxes	(370,554)	-	(370,554)
24	Investment Tax Credit - pre 1971	<u>(190)</u>	<u>-</u>	<u>(190)</u>
25	Rate Base	<u>\$ 103,861,868</u>	<u>\$ (1,636,946)</u>	<u>\$ 102,224,922</u>

Illinois-American Water Company
Chicago Metro Water
Rate Base
For the Test Year Ending September 30, 2013

Line No.	Description	Company Pro Forma Present Adjusted (Company Schedule B-1)	Company Update	Company Rebuttal	Company Rebuttal Case Pro Forma Adjusted
	(a)	(b)	(c)	(d)	(e)
1	Gross Utility Plant in Service	\$ 241,374,850	\$ (149,611)	\$ -	\$ 241,225,239
2	Less: Accumulated Depreciation	<u>(90,744,565)</u>	<u>198,308</u>	<u>(3,649)</u>	<u>(90,549,906)</u>
3	Net Utility Plant in Service	150,630,285	48,697	(3,649)	150,675,333
4	Construction Work in Progress	\$ -	-	\$ -	\$ -
5	Utility Plant Acquisition Adj. - DuPage	68,656	-	-	68,656
6	Additions to Rate Base				
7	Cash Working Capital	825,000	1,143,000	(4,000)	1,964,000
8	Materials & Supplies	191,060	-	-	191,060
9	Deferred Charges - Tank Painting	2,530,194	411,544	-	2,941,738
10	FAS 109 Reg. Asset-Net of Liability	151,313	(5,291)	-	146,022
11	Service Company Audit Costs	33,243	61,214	-	94,457
12		-	-	-	-
13		-	-	-	-
14		-	-	-	-
15	Deductions From Rate Base	-	-	-	-
16	Customer Advances	(25,529,931)	-	-	(25,529,931)
17	Pension Asset (Liability)	1,681,283	(151,152)	-	1,530,131
18	OPEB Liability	(184,614)	679	-	(183,935)
19	Contributions in Aid of Construction	(35,480,979)	-	-	(35,480,979)
20	Accum. Depr. On CIAC	16,740,516	-	-	16,740,516
21	Budget Payment Plan	-	-	-	-
22	Deferred Federal Income Taxes	(8,803,415)	(121,041)	-	(8,924,456)
23	Deferred State Income Taxes	(349,055)	(21,499)	-	(370,554)
24	Investment Tax Credit - pre 1971	<u>(190)</u>	<u>-</u>	<u>-</u>	<u>(190)</u>
25	Rate Base	<u>\$ 102,503,366</u>	<u>\$ 1,366,151</u>	<u>\$ (7,649)</u>	<u>\$ 103,861,868</u>

Illinois-American Water Company
Chicago Metro Water
Adjustments to Rate Base
For the Test Year Ending September 30, 2013

Line No.	Description	Cash Working Capital (Staff Initial Brief CW, p. 10)	Pension Asset (Staff Ex. 10.0 Sch. 10.1)	Management Audit Costs (Staff Ex. 11.0 Sch. 11.3 Revised)	FIN 48 ADIT (AG Ex. 2.2)	(Source)	(Source)	(Source)	Total Rate Base Adjustments
	(a)	(b)	(e)	(e)	(e)	(f)	(g)	(h)	(i)
1	Gross Utility Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Less: Accumulated Depreciation	-	-	-	-	-	-	-	-
3	Net Utility Plant in Service	-	-	-	-	-	-	-	-
4	Construction Work in Progress	-	-	-	-	-	-	-	-
5	Utility Plant Acquisition Adj. - DuPage	-	-	-	-	-	-	-	-
6	Additions to Rate Base								
7	Cash Working Capital	(96,000)	-	-	-	-	-	-	(96,000)
8	Materials & Supplies	-	-	-	-	-	-	-	-
9	Deferred Charges - Tank Painting	-	-	-	-	-	-	-	-
10	FAS 109 Reg. Asset-Net of Liability	-	-	-	-	-	-	-	-
11	Service Company Audit Costs	-	-	(85)	-	-	-	-	(85)
12	-	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-
15	Deductions From Rate Base								
16	Customer Advances	-	-	-	-	-	-	-	-
17	Pension Asset (Liability)	-	(1,530,131)	-	-	-	-	-	(1,530,131)
18	OPEB Liability	-	-	-	-	-	-	-	-
19	Contributions in Aid of Construction	-	-	-	-	-	-	-	-
20	Accum. Depr. On CIAC	-	-	-	-	-	-	-	-
21	Budget Payment Plan	-	-	-	-	-	-	-	-
22	Deferred Federal Income Taxes	-	248,270	-	(259,000)	-	-	-	(10,730)
23	Deferred State Income Taxes	-	-	-	-	-	-	-	-
24	Investment Tax Credit - pre 1971	-	-	-	-	-	-	-	-
25	Rate Base	<u>\$ (96,000)</u>	<u>\$ (1,281,861)</u>	<u>\$ (85)</u>	<u>\$ (259,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,636,946)</u>

Illinois-American Water Company
Revenue Effect of Staff's Adjustments
Chicago Metro Water
Statement of Operating Income with Adjustments

Line No.	Description	IAWC Proposal	Staff's Adjustments	Staff's Proposal
	(a)	(b)	(c)	(d)
1	Summary			
2	Current Revenues	\$ 32,421,672		\$ 32,421,672
3	Proposed Increase	3,827,900	(2,677,668) #	1,150,232
4	Proposed Revenue Requirement	\$ 36,249,572	\$ (2,677,668)	\$ 33,571,904
5	Percentage Increase	11.81 %	(8.26)%	3.55 %
6	Effect of Each Staff Adjustment			
7	Rate of Return		\$ (2,195,808)	
8	Interest Synchronization (Staff Initial Brief CW, p. 8)		(294,824)	
9	Pension Asset (Staff Ex. 10.0 Sch. 10.1)		(126,708)	
10	FIN 48 ADIT (AG Ex. 2.2)		(25,601)	
11	Call Center CCAP/SLAP Telephone Costs (Staff IB)		(12,186)	
12	Cash Working Capital (Staff Initial Brief CW, p. 10)		(9,489)	
13	Rate Case Expense (Staff Ex. 16.0 Sch. 16.1)		(6,461)	
14	Social/Service Memberships (Staff Ex. 11.0 Sch. 11.2 Corrected)		(4,860)	
15	Call Center Expansion Costs (Staff IB)		(1,669)	
16	Gross Revenue Conversion Factor		(36)	
17	Management Audit Costs (Staff Ex. 11.0 Sch. 11.3 Revised)		(27)	
18				
19				
20				
21				
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27				
28				
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30				
31				
32				
33				
34				
35				
36				
37	Rounding		1	
38	Effect of Staff's Adjustments		\$ (2,677,668)	
39	Reconciliation to Staff Initial Brief			
40	Column (c), line 5.		-	
41	Column (f), line 5.		(36)	
42	Column (h), line 5.		(2,677,632)	
43	Total Effect of Staff's Adjustments		\$ (2,677,668)	

Illinois-American Water Company
Chicago Metro Water
Interest Synchronization Adjustment
For the Test Year Ending September 30, 2013

Line No.	Description (a)	Amount (b)
1	Gross Utility Plant in Service	\$ 102,224,922 (1)
2	Weighted Cost of Debt	3.43% (2)
3	Synchronized Interest Per Staff	3,507,848
4	Company Interest Expense	<u>3,084,697</u> (3)
5	Increase (Decrease) in Interest Expense	<u>423,151</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 4.435%	\$ <u>(18,765)</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	\$ <u>(141,535)</u>

(1) Source: Staff Initial Brief CW, p. 4, Column (d)

(2) Source: ICC Staff Exhibit 14.0 Schedule 14.1

(3) Source: Company Rebuttal (IAWC Ex. 5.05R)

Illinois-American Water Company
Chicago Metro Water
Gross Revenue Conversion Factor
For the Test Year Ending September 30, 2013

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	0.8500%	<u>0.008500</u>	
3	State Taxable Income		0.991500	1.000000
4	State Income Tax	4.4347%	<u>0.043970</u>	<u>0.044347</u>
5	Federal Taxable Income		0.947530	0.955653
6	Federal Income Tax	35.0000%	<u>0.331635</u>	<u>0.334479</u>
7	Operating Income		<u>0.615894</u>	<u>0.621174</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.623655</u>	<u>1.609855</u>

Illinois-American Water Company
Chicago Metro Water
Cash Working Capital Adjustment
For the Test Year Ending September 30, 2013

Line No.	Item	Amount ⁽¹⁾	Average Daily Amount (C)/365	Expense (Lead)/Lag ⁽²⁾	Cash Requirement (D)*(E)	Source
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Revenue	\$ 53,347,137				Staff Initial Brief CW, page 11, line 3
2	Return on Equity	(4,044,427)				Staff Initial Brief CW, page 11, line 13
3	Uncollectible Accounts	(447,579)				
4	Total Depr/Amortization	(6,696,372)				Staff Initial Brief CW, page 11, line 7
5						
6	Net Revenues	\$ 42,158,759	\$ 115,503	53.06	\$ 6,128,613	Sum Lines 1 through 4
7						
8	Labor	\$ 4,227,400	11,582	(12.43)	(143,963)	
9	Fuel and Power	173,349	475	(51.77)	(24,587)	
10	Chemicals	32,863	90	(38.30)	(3,448)	
11	Purchased Water	19,775,233	54,179	(26.03)	(1,410,272)	Co. Schedule C-2.5
12	Waste Disposal	-	-	(7.71)	-	
13	Service Company Charges	3,139,347	8,601	9.22	79,301	
14	Group Insurance	996,848	2,731	4.37	11,935	
15	Pensions	501,276	1,373	18.50	25,407	
16	Insurance Other than Group	275,545	755	42.39	32,001	
17	Customer Accounting	415,935	1,140	(62.82)	(71,586)	
18	Rents	575,672	1,577	8.76	13,816	
19	General Office	495,244	1,357	(34.15)	(46,336)	
20	Maintenance	1,448,087	3,967	(45.74)	(181,467)	Staff Initial Brief CW, page 11, line 10
21	Miscellaneous	1,913,831	5,243	(43.46)	(227,877)	
22						
23	Total O&M Expenses	\$ 33,970,630			(1,947,077)	Sum Lines 7 through 21
24						
25	General Taxes	1,812,407	4,965	(183.97)	(913,503)	
26	Federal Income Tax - Current	2,512,259	6,883	(76.89)	(529,226)	
27	State Income Tax - Current	355,614	974	(37.50)	(36,536)	
28	Interest Expense	3,507,848	9,611	(86.78)	(834,003)	Staff Initial Brief CW, p. 8, line 3
29						
30	Subtotal Other Expenses	\$ 8,188,128			(2,313,268)	Sum Lines 25 through 28
31	Total Expenses	\$ 42,158,758				Line 23 + Line 30
32	Total Cash Working Capital Requirement per Staff (Rounded to nearest \$1,000)				\$ 1,868,000	Line 6 + Line 23 + Line 30
33						
34	Cash Working Capital per Company				1,964,000	IAWC Ex. 6.03R
35						
36	Staff Proposed adjustment				\$ (96,000)	Line 32 - Line 34

Source:

(1) Amounts from IAWC Ex. 6.03R, except where noted.

(2) IAWC Ex. 6.03R

Illinois-American Water Company
Chicago Metro Water
Cash Working Capital Adjustment
For the Test Year Ending September 30, 2013

Line No. (A)	Item (B)	Amount (C)	Source (D)
1	Total operating revenue	\$ 33,571,904	Staff Initial Brief CW, p. 1, line 3, column (i)
2	Surcharge revenue	19,775,233	Not applicable
3	Total revenue	<u>\$ 53,347,137</u>	Line 1 + Line 2
4	Depr/amortization per Income Statement	\$ 6,322,197	Staff Initial Brief CW, p. 1, line 19, column (i)
5	Amortization of rate case expense	84,296	Staff Initial Brief CW, p. 1, line 12, column (i)
6	Reclassify amortization of tank painting	289,879	IAWC Schedule B-10
7	Total depr/amortization for CWC	<u>\$ 6,696,372</u>	Sum of lines 10 through 12
8	Maintenance-other per Income Statement	\$ 1,737,966	Staff Initial Brief CW, p. 1, line 17, column (i)
9	Reclassify amortization of tank painting	289,879	Line 12
10	Total Maintenance-other for CWC	<u>\$ 1,448,087</u>	Line 14 - Line 15
11	Total Rate Base	\$ 102,224,922	Staff Initial Brief CW, p. 1, line 29, column (i)
12	Weighted Cost of Capital	3.96%	Staff Ex. 14.0, Sch. 14.1
13	Return on equity deduction from revenue	<u>\$ 4,044,427</u>	Line 17 * Line 18